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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

SUMMARY

1. The unprovoked attack on the Republic of Korea by the armed forces of the Soviet-controlled North Korean government opened a new phase in the power conflict between the USSR and the non-Soviet world. For the first time since the end of World War II, the USSR deliberately attempted to expand the Soviet-Communist area of control through direct action against a non-Soviet state by the organized military forces of a puppet state. Apart from the immediate strategic advantages of Communist control of all Korea, the primary aim of the USSR in instigating the attack probably was to discredit the US policy of general containment of Soviet-Communism.

US intervention, endorsed by nearly all of the non-Soviet members of the UN (including India), marked a line beyond which Soviet-sponsored aggression could not go without being challenged. A failure to draw this line would have seriously discredited the whole US policy of containment, gravely handicapping US efforts to maintain alliances and build political influence with the Western European powers and with other nations closely aligned with the US. The Korean incident as a whole, particularly the virtual collapse of resistance by the Republic of Korea and the interposition of US forces in the path of the attack, raises several problems of the gravest importance to US security. Outstanding among them is the possibility that reverses in the fighting in Korea may quickly counter the favorable initial psychological effects of intervention and bring about a drop in the morale of the Western world.

2. Whatever turn events take in Korea, the USSR has the capability of creating a series of incidents roughly comparable to the Korean episode, each one threatening either to bankrupt the US policy of containing Soviet-Communist expansion or to disperse and overstrain US military forces in readiness.

Soviet leaders might estimate that the USSR was warranted in running the risk of global war inherent in the repetition of the Korean pattern elsewhere, reasoning either: (a) that the US would abandon or drastically reduce its commitments, particularly in Asia, before it would challenge the USSR directly; or (b) that the outbreak of global war in which the US took primary responsibility for enlarging the area of conflict would leave the non-Soviet world critically divided and weak. The Far East (Taiwan, Indochina, Burma) and the Balkans are the border areas where signs of impending military action are mounting.

3. While the early reaction of Western Europe was to give enthusiastic approval to the US intervention in Korea, the Western European nations are unlikely to take resolute and coordinated action to meet the challenge implicit in the "limited war" phase of world power conflict unless US military power can be mobilized and deployed in strength that is plainly sufficient to constitute at least a substantial deterrent to further Soviet or Soviet-sponsored military aggression.

Note: This review has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. The information contained herein is as of 14 July 1950.

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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES

1. Limited War in Korea.

The unprovoked attack on the Republic of Korea by the armed forces of the Soviet-controlled North Korean government opened a new phase in the power conflict between the USSR and the non-Soviet world. For the first time since the end of World War II, the USSR deliberately attempted to expand the Soviet-Communist area of control through direct action against a non-Soviet state by the organized military forces of a puppet state. Although the USSR may claim that the conflict in Korea was a civil war, it cannot disguise either the fact that North Korea is a Soviet puppet or the fact that the attack was launched against a state whose sovereignty had been recognized by the UN.

In Eastern Europe the postwar techniques of Communist expansion have not gone beyond propaganda, sabotage, subversion, internal coups, and guerrilla warfare campaigns—supported by Soviet diplomacy and the *threat* of Soviet military force. Even in Greece, Iran, China, and Indochina, Communist activities have remained within the limits of insurrectionary fighting in a "revolutionary" situation within a single state.

a. The Attack.

The North Korean venture, involving an additional step toward open Soviet aggression, amounts to a laboratory test of the advantages the USSR might gain by fighting a war of limited objectives and limited liabilities through the medium of puppet troops. Soviet objectives were limited in the sense that the North Korean forces proposed merely to bring about the "unification" of Korea within its traditional national boundaries rather than to provoke a global war involving the US. Soviet liabilities were limited because the USSR avoided becoming openly and unequivocally associated with the attack despite the fact that the North Korean forces were Soviet-advised, Soviet-equipped, Soviet-trained, and Soviet-supplied.

In planning the Korean invasion the USSR probably did not expect the US to intervene with its own military forces. In the absence of US intervention, Soviet leaders could anticipate a quick Communist victory that would present the US and the UN with an accomplished fact, undermine the confidence of non-Communist states in the practical value of US moral commitments, and give political and military momentum to the further expansion of Soviet-Communist influence in the Far East. Apart from the immediate strategic advantages of Communist control of all Korea, the primary aim of the USSR in instigating the attack probably was to discredit the US policy of general containment of Soviet-Communism.

b. US-UN Reaction.

Whatever the original intent of the move in Korea, the prompt US commitment of its own military forces in a "police action" on behalf of the UN automatically converted the Korean incident into a critical issue. The US intervention, endorsed by nearly all of the non-Soviet members of the UN (including India), marked a line beyond which Soviet-sponsored aggression could not go without being challenged. A failure to draw this line would have seriously discredited the whole US policy of containment, gravely handicapping US efforts to maintain alliances and build political influence with the Western European powers and with other nations closely aligned with the US.

The immediate psychological reaction of the Western world to US-UN intervention in Korea was almost uniformly favorable, and the morale of nations committed to the containment of Soviet-Communist expansion received a substantial lift. Nevertheless, the Korean incident as a whole, particularly the virtual col-

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lapse of resistance by the Republic of Korea and the interposition of US forces in the path of the attack raises several problems of the gravest importance to US security. Outstanding among them is the possibility that US reverses in the fighting in Korea may quickly counter the initial psychological effects of intervention and bring about a drop in the morale of the Western world.

c. Effects of a Prolonged Battle in South Korea.

The efficient military performance of the invading forces in the first three weeks of battle indicates that there is little probability that the North Koreans can be quickly driven back to the 38th parallel. The USSR can supply material aid in sufficient quantities to prolong the fighting and deeply involve the US in Korean military operations. Chinese Communist troops can be brought into action covertly and, if necessary, openly. The USSR might consider that the risk of provoking a global war was not substantial so long as no Soviet forces were openly committed.

A prolonged battle in South Korea, which now seems probable, would seriously damage US prestige. The Western European allies and other nations aligned with the US would steadily lose confidence in the military value of US commitments to assist them against armed aggression and would be increasingly reluctant to take energetic measures in support of the North Atlantic Treaty Organization (NATO) and the Mutual Defense Assistance Program (MDAP). While some credit might redound to the US for initially honoring its commitments, more anxiety will arise about US ability to counter threats of Soviet aggression than about US intentions to do so. A major commitment of US forces and equipment in Korea would seriously limit US capabilities for taking military action elsewhere, and Western European nations in particular would feel dangerously exposed. While the US would encounter all of these disadvantages from a local but prolonged war in Korea and the USSR would reap corresponding advantages, the USSR could also register propaganda gains in non-Soviet countries where "peace" propaganda has a strong appeal by emphasizing Soviet non-interference (in the technical legal sense) and portraying the US action as an imperialistic Western aggression against an Asiatic people.

d. Effects of a Military Reverse for US Forces in South Korea.

The immediate consequence of a failure of US forces to hold South Korea, a possibility that cannot be ruled out, would be a damaging blow to US prestige. The US would then virtually be forced to try to regain as much of its lost military reputation as possible by committing substantial US military resources in a difficult and costly invasion of an area that is not in itself of primary strategic importance to the US. Whatever the US did to redeem its military reverse, US foreign policy and especially US military capabilities would be seriously discredited.

A voluntary withdrawal of US forces to avoid the military risk of being driven off the Korean peninsula would not reduce and probably would increase the damage to US strategic interests all over the world. Voluntary withdrawal not only would show US moral commitments to be unreliable when put to a severe test, but in addition would leave grounds for considerable doubt as to the ability of the US to back up any of its commitments with adequate military force. Besides shaking the confidence of the Western European allies and other nations on whose strength and cooperation the policy of containment depends, withdrawal from Korea would damage US standing in UN affairs and would undermine the effectiveness of the UN as a device for mobilizing Western resistance to Soviet-Communist aggression. Pro-US governments, particularly in areas where the USSR could initiate limited military aggressions without openly using Soviet forces, would suffer serious losses of prestige. In some cases (for example, Indochina or Iran) these governments might lose control of the country altogether or feel compelled to seek an accommodation with the USSR. The total effect of voluntary withdrawal on world-wide US security interests would be a reverse probably more calamitous than the effect of a US failure to hold Korea.

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2. Soviet Pressure on Other Border Areas.

Whatever turn events take in Korea, the USSR has the capability of creating a series of incidents roughly comparable to the Korean episode, each one threatening either to bankrupt the US policy of containing Soviet-Communist expansion or to disperse and overstrain US military forces in readiness. Without directly and openly involving Soviet military forces, the USSR could engineer the outbreak or (where guerrilla fighting is already going on) the rapid intensification of local wars in Taiwan, Indochina, Burma, and the Balkans. The effects of incidents in these areas could be aggravated by renewed pressure in other places bordering the Soviet sphere. In Iran in particular the pro-Soviet Tudeh Party and other subversive elements either within the country or in adjacent Soviet territory are capable of creating disorders which the USSR might use as a pretext for invoking the 1921 Irano-Soviet Treaty and "restoring order" in Iran with Soviet troops.

The use of puppet forces (or Soviet forces in the special circumstances in Iran) would involve some risk of global war. The USSR probably will not deliberately initiate global war at this time in view of: (a) the general superiority of the US in total economic and military power potential; and (b) doubts about whether the newly developed Soviet capability for atomic attack is as yet capable of neutralizing US atomic retaliation and preventing the US from mobilizing its economic and military power.

Nevertheless, Soviet leaders might estimate that the USSR was warranted in running the risk of global war inherent in the repetition of the Korean pattern elsewhere, reasoning either: (a) that the US would abandon or drastically reduce its commitments, particularly in Asia, before it would challenge the USSR directly; or (b) that the outbreak of global war in which the US took primary responsibility for enlarging the area of conflict would leave the non-Soviet world critically divided and weak.

Whatever Soviet intentions may be, signs of impending military or quasi-military action on a large scale are mounting in nearly all the border areas. These signs may be part of the war of nerves or a concerted deception plan designed to prevent US concentration of effort on the Korean operation. Some of them may be feints to draw attention away from new moves in just one of the trouble spots. It is conceivable, however, that the USSR plans aggressive action of some kind at all these points within the next year or two. In any case the pressure continues to be heavy, and possibility of early initiation of new Korean-style incidents by non-Soviet Communist troops cannot be excluded.

a. The Far East.

It is not yet clear whether the USSR will force the Chinese Communists to give open military support to the Korean operations or to start a new operation elsewhere in the area. The Peiping regime is unlikely to commit military forces to operations outside China on its own initiative, but almost certainly would comply with a Soviet request for military action. Chinese Communist troop strength and dispositions would permit intervention in Korea and military action in a number of other places as well with little or no warning. Forces in considerable numbers apparently are being staged on the mainland opposite Taiwan, and possibly opposite Hong Kong. Although no significant changes have occurred in the strength of troops stationed along the Southeast Asian frontiers, these forces are capable of crossing into Indochina if necessary to strengthen Ho Chi Minh's fighting forces or into Burma, where the presence of a few fugitive Chinese Nationalist troop units would give a show of legality to a military incursion.

b. The Balkans.

There have been a number of indications of an acceleration of Soviet and Satellite troop movements in the Balkan area. Soviet military equipment and supplies have been flowing into the Balkans for several months in quantities that appear to be in excess of the needs of Soviet forces available there. The number of Soviet troops in the Balkans has not changed significantly in the past six months, but the efficiency of Balkan puppet forces has probably been increasing as a result of a tightening of Soviet control and the acquisition of Soviet materiel.

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While it is still probable that Soviet-Satellite troops in the Balkans are inadequate to mount a successful armed offensive against Yugoslavia, it would be possible for puppet troops with covert Soviet support at least to start a local war on a considerable scale by moving across the borders of Yugoslavia, Greece, or Turkey. Soviet propaganda is emphasizing the imminence of hostilities in this area (through Greek and Yugoslav "aggression" of course). The initiation of any kind of armed aggression in this area by Soviet puppet troops would present the basic issues of the Korean incident all over again, forcing the US either to abandon some of its commitments or to disperse its military strength.

3. Western Europe.

While the early reaction of Western Europe was to give enthusiastic approval to the US intervention in Korea, as time goes on sober second thoughts are bound to occur to the NATO nations. If the fighting in Korea is prolonged, as seems probable, or spreads to other border areas, Western Europeans are sure to fear that the US programs of military and financial assistance will be limited to present levels if not reduced because of the strains this peripheral fighting would put on US resources. On the other hand, fear of global war will be increasing, as will fear that the time may be short to prepare for defense against Soviet aggression in Europe. The Korean situation will bring sharply home to Western Europe the fact of its defenselessness against direct military action and may provide the US with an opportunity to press for an increased defensive effort and more effective mutual aid and balancing of forces. Resolute and coordinated action along these lines will be required if the Western European nations are to meet the critical issues that will confront them so long as Soviet-sponsored aggressions continue.

The prospects of such action are not altogether reassuring in the light of the halting progress made to date in unifying Western European military and economic efforts. Despite the strong resolutions adopted at the London conferences of May, the projected strengthening of NATO has hardly begun. The Schuman plan for integrating the European coal and steel industries, one of the most promising economic integration schemes, is moving slowly. The French have proceeded vigorously to the heart of the economic unification problem by proposing to establish supra-national organizations and clearly recognize supra-national authority. This radical departure from traditional political patterns alarmed the Benelux countries and caused them to retire for governmental consultations. Only the Germans, who have no sovereignty to lose at this point, and the Italians, whose industrial stake is comparatively slight, are inclined to accept the Schuman plan more or less as presented. The British, who are not negotiating but are being kept informed, continue to make it plain that the UK would not participate in the plan the French have advanced. The influence of France as a leader in Western Europe, which otherwise would grow as a result of the development of the Schuman plan, has remained uncertain because of the protracted difficulties of forming a new French cabinet.

The Western European nations may avoid giving way to apathy or despair and vigorously meet the challenge implicit in the "limited war" phase of world power-conflict inaugurated by the Korean incident. They are unlikely to do so, however, unless US military power can be mobilized and deployed in strength that is plainly sufficient to constitute at least a substantial deterrent to further Soviet or Soviet-sponsored military aggression.

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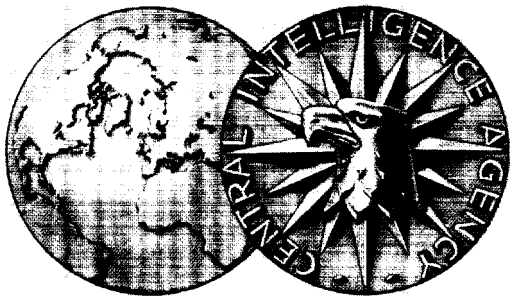

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